



**ATM S.A. GROUP OF COMPANIES**

**CONSOLIDATED QUARTERLY REPORT FOR THE SECOND  
QUARTER OF 2008**

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## **KEY CONSOLIDATED QUARTERLY REPORT DATA**

This consolidated quarterly report contains information drawn up pursuant to para. 86, subpara. 2 and para. 87, subpara. 1 of the Regulation of the Minister of Finance of October 19, 2005, and includes consolidated financial statements of the ATM S.A. Group of Companies made in accordance with the International Financial Reporting Standards as approved by the European Union.

Submission date: August 11, 2008

### **Key Issuer details:**

Full name of the Issuer: ATM S.A.

Short name of the Issuer: ATM

Sector according to Warsaw Stock Exchange classification: IT

Post code: 04-186

City: Warszawa

Street name: Grochowska

Street number: 21a

Phone: +48 22 51 56 660

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Web site: [www.atm.com.pl](http://www.atm.com.pl)

NIP (tax identification number): 113-00-59-989

Regon (statistical number): 012677986

## SUMMARY CONSOLIDATED FINANCIAL STATEMENTS OF THE ATM S.A. GROUP OF COMPANIES FOR THE SECOND QUARTER OF 2008

### 1. CONSOLIDATED PROFIT AND LOSS ACCOUNT

|   | For period from January 1 to June 30, 2008 | For period from April 1 to June 30, 2008 | For period from January 1 to June 30, 2007 | For period from April 1 to June 30, 2007 |
|---|--|--|--|--|
| <b>Continued operations</b>   |  |  |  |  |
| Sales revenue   | 94,975                                     | 51,335                                   | 84,936                                     | 46,204                                   |
| Cost of goods sold (variable)   | 54,396                                     | 28,709                                   | 55,993                                     | 29,686                                   |
| Cost of goods sold (fixed)  | 11,921                                     | 7,034                                    | 10,426                                     | 5,838                                    |
| <b>Gross profit (loss) on sales</b>                                   | <b>28,658</b>                              | <b>15,592</b>                            | <b>18,517</b>                              | <b>10,680</b>                            |
| Other operating revenue   | 396  | 288                                      | 219  | 134                                      |
| Selling costs   | 584  | 310                                      | 70   | 43                                       |
| General and administrative costs                                      | 30,869                                     | 15,495                                   | 18,718                                     | 8,539                                    |
| Other operating expenses  | 111  | 80                                       | 173  | 34                                       |
| Restructuring costs   | -  | -  | -  | 0  |
| <b>Operating profit (loss)</b>  | <b>(2,510)</b>                             | <b>(5)</b>                               | <b>(225)</b>                               | <b>2,198</b>                             |
| Share in profit (loss) of undertakings valued using the equity method | 370  | (76)                                     | -  | -  |
| Financial revenue   | 4,432                                      | 2,615                                    | 830  | 769                                      |
| Financial expenses  | 848  | 458                                      | 630  | 138                                      |
| <b>Profit (loss) before tax</b>                                       | <b>1,444</b>                               | <b>2,075</b>                             | <b>(25)</b>                                | <b>2,828</b>                             |
| Income tax  | (159)                                      | (203)                                    | 109  | 937                                      |
| <b>Net profit (loss) on continued operations</b>                      | <b>1,604</b>                               | <b>2,279</b>                             | <b>(134)</b>                               | <b>1,890</b>                             |
| <b>Discontinued operations</b>  |  |  |  |  |
| Net profit (loss) on discontinued operations                          | -  | -  | -  | -  |
| <b>Net profit (loss)</b>  | <b>1,604</b>                               | <b>2,279</b>                             | <b>(134)</b>                               | <b>1,890</b>                             |
| Net profit (loss) for the Group's shareholders                        | 2,310                                      | 2,565                                    | (21)                                       | 1,899                                    |
| Net profit (loss) for minority shareholders                           | (706)                                      | (286)                                    | (113)                                      | (9)                                      |
| <b>Profit (loss) per share *)</b>                                     |  |  |  |  |
| <b>From continued operations:</b>                                     |  |  |  |  |
| Ordinary  | 0.04                                       | 0.00                                     | (0.01)                                     | 0.58                                     |
| Diluted   | 0.04                                       | 0.00                                     | (0.01)                                     | 0.58                                     |
| <b>From continued and discontinued operations:</b>                    |  |  |  |  |
| Ordinary  | 0.04                                       | 0.00                                     | (0.01)                                     | 0.58                                     |
| Diluted   | 0.04                                       | 0.00                                     | (0.01)                                     | 0.58                                     |

\*) In the first quarter of 2008, a one-to-eight split of the Issuer's shares occurred. The new number of shares is 36,000,000. Data for the corresponding period were recalculated according to the number of shares before the split.

**2. CONSOLIDATED BALANCE SHEET — ASSETS**

|  | End of period,<br>June 30, 2008 | End of period,<br>December 31, 2007 |
|--|---------------------------------|-------------------------------------|
| <b>Fixed assets</b>  |                                 |                                     |
| Goodwill   | 15,592                          | 15,677                              |
| Intangible assets  | 30,030                          | 25,712                              |
| Property, plant and equipment  | 120,400                         | 86,794                              |
| Investment in associates consolidated according to the equity method | 64,373                          | 61,908                              |
| Other financial assets   | 948                             | 80                                  |
| Deferred income tax assets   | 1,547                           | 1,256                               |
| Other fixed assets   | 12,486                          | 13,963                              |
|  | <b>245,376</b>                  | <b>205,390</b>                      |
| <b>Current assets</b>  |                                 |                                     |
| Inventories  | 9,387                           | 8,326                               |
| Financial assets held for trading                                    | -                               | 2,133                               |
| Trade and other receivables  | 39,947                          | 81,231                              |
| Income tax receivables   | 31                              | 38                                  |
| Other current assets   | 1,724                           | 2,218                               |
| Cash and cash equivalents  | 35,731                          | 69,756                              |
|  | <b>86,821</b>                   | <b>163,702</b>                      |
| Fixed assets classified as held for sale                             | -                               | -                                   |
| <b>Total assets</b>  | <b>332,197</b>                  | <b>369,092</b>                      |

**3. CONSOLIDATED BALANCE SHEET — LIABILITIES**

|  | End of period,<br>June 30, 2008 | End of period,<br>December 31,<br>2007 |
|--|---------------------------------|--|
| <b>Equity</b>  |                                 |  |
| Share capital  | 34,397                          | 34,397                                 |
| Share premium reserve  | 165,132                         | 157,252                                |
| Revaluation reserve  | -                               | -                                      |
| Treasury shares  | (1,682)                         | -                                      |
| Capital reserves   | 23,897                          | 25,073                                 |
| Hedge valuation reserve and FX gains/losses due to consolidation         | -                               | -                                      |
| Retained earnings  | 9,332                           | 34,747                                 |
| <b>Total Group shareholders' equity</b>                                  | <b>231,075</b>                  | <b>251,469</b>                         |
| Minority share   | 6,122                           | 5,662                                  |
| <b>Total shareholders' equity</b>  | <b>237,197</b>                  | <b>257,131</b>                         |
| <b>Long-term liabilities</b>   |                                 |  |
| Long-term bank and other loans   | 1,992                           | 2,283                                  |
| Provisions for deferred tax  | (0)                             | -                                      |
| Provisions for liabilities   | 98                              | 183                                    |
| Long-term trade and other liabilities                                    | 4,141                           | 3,244                                  |
| Other financial liabilities  | 16,192                          | 14,812                                 |
|  | <b>22,423</b>                   | <b>20,522</b>                          |
| <b>Short-term liabilities</b>  |                                 |  |
| Bank and other loans   | 12,727                          | 246                                    |
| Provisions for liabilities   | 237                             | 544                                    |
| Income tax liabilities   | 25                              | 4,419                                  |
| Trade and other liabilities  | 34,816                          | 80,629                                 |
| Other financial liabilities  | 24,771                          | 5,601                                  |
|  | <b>72,577</b>                   | <b>91,439</b>                          |
| Liabilities related directly to fixed assets classified as held for sale | -                               | -                                      |
| <b>Total liabilities</b>   | <b>332,197</b>                  | <b>369,092</b>                         |





|   |               |                |                |               |              |                |              |                |
|---|---------------|----------------|----------------|---------------|--------------|----------------|--------------|----------------|
| Purchase of treasury shares under share option plan | -             | -              | -              | -             | -            | 1,682          | -            | 1,682          |
| Current period results                              | -             | -              | 1,682          | -             | -            | -              | 705          | 705            |
| Supplementary capital                               | -             | -              | -              | -             | 7,880        | 7,880          | -            | 7,880          |
| Dividend payout                                     | -             | -              | -              | 1,208         | 19,560       | 20,768         | -            | 20,768         |
| Revaluation FX gain/loss                            | -             | -              | -              | -             | -            | -              | -            | -              |
| <b>As at June 30, 2008</b>                          | <b>34,397</b> | <b>165,132</b> | <b>(1,682)</b> | <b>23,897</b> | <b>9,336</b> | <b>231,080</b> | <b>6,122</b> | <b>237,202</b> |

## 5. CONSOLIDATED CASH FLOW STATEMENT

|  | For period from January 1<br>to June 30, 2008 | For period from January<br>1 to June 30, 2007 |
|--|---|---|
| <b><i>Operating activities</i></b>   |   |   |
| Profit (loss) before tax   | 2,305   | (35)  |
| Adjustment (items):  | 462   | (9,019)                                       |
| Share in net profit (loss) of undertakings<br>valued using the equity method | (370)   | -   |
| Amortization and depreciation  | 7,415   | 4,302   |
| FX gains/losses  | (1,427)                                       | (174)   |
| Interest received  | 19  | -   |
| Interest paid  | 668   | 513   |
| Dividends received   | 0   | -   |
| Profit (loss) on investment activities                                       | (61)  | (138)   |
| Movements in inventories   | (1,059)                                       | (3,376)                                       |
| Movements in receivables   | 38,387  | 18,054  |
| Movements in liabilities and provisions                                      | (43,663)                                      | (20,426)                                      |
| Movements in other assets  | 5,099   | (1,466)                                       |
| Income tax paid  | (4,289)                                       | (5,954)                                       |
| Other  | (256)   | (354)   |
|  | <b>2,767</b>                                  | <b>(9,054)</b>                                |
|  |   |   |
| <b><i>Investment activities</i></b>  |   |   |
| Expenses on property, plant and equipment<br>purchases                       | (54,916)                                      | (24,687)                                      |
| Expenses on financial asset purchases  | (1,108)                                       | (2,974)                                       |
| Revenue from property, plant and equipment<br>sales                          | 10,474  | 23,264  |
| Repayment of long-term loans granted   | 1,825   | -   |
| Long-term loans granted  | (2,634)                                       | -   |
| Revenue from financial asset sales   | -   | 234   |
| Interest received  | -   | 117   |
| Dividends received   | -   | -   |
| FX gains/losses  | 153   | (4)   |
| Other  | 138   | -   |
|  | <b>(46,068)</b>                               | <b>(4,050)</b>                                |
| <b><i>Financial activities</i></b>   |   |   |
| Net proceeds from issue of shares and other<br>capital contributions         | 1,104   | 8,094   |
| Subsidies received   | 242   | -   |
| Proceeds from loans  | 14,035  | 3,447   |
| Repayment of loans   | (303)   | -   |
| Purchase of treasury shares  | (1,682)                                       | -   |
| Payment of liabilities arising from finance<br>leases                        | (3,440)                                       | (1,848)                                       |
| Dividends paid   | (233)   | (170)   |
| Interest received  | 274   | -   |
| Interest paid  | (742)   | (541)   |

|                                |                 |                |
|--------------------------------|-----------------|----------------|
| Other payments from profit     | -               | -              |
| FX gains/losses                | 14              | (12)           |
| Other                          | 7               | 751            |
|                                | <b>9,277</b>    | <b>9,721</b>   |
|                                |                 |                |
| <b>Movements in cash</b>       | <b>(34,024)</b> | <b>(3,383)</b> |
| Opening balance of cash        | 69,756          | 9,513          |
| <b>Closing balance of cash</b> | <b>35,732</b>   | <b>6,130</b>   |

## **NOTES TO SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

### **1. BASIC INFORMATION**

As the parent undertaking of the ATM S.A. Group of Companies, ATM S.A. is a joint stock company. The Company launched its operations in 1993 as ATM Sp. z o. o. limited liability company. On July 10, 1997, ATM Sp. z o. o. was transformed into a joint stock company pursuant to the notarial deed drawn up at the Notarial Office in Raszyn on May 16, 1997 (Repertory No. 3243/97).

The registered office of the Company is located in Warsaw at ul. Grochowska 21a. The Company was registered at the District Court for the Capital City of Warsaw in Warsaw, 13<sup>th</sup> Commercial Division of the National Court Register. The Company is registered under National Court Register entry No. KRS 0000034947.

ATM S.A. is listed on the Warsaw Stock Exchange. According to the Warsaw Stock Exchange classification, the core business of the Group concerns the IT sector.

### **2. GROUNDS FOR THE DRAWING UP OF CONSOLIDATED FINANCIAL STATEMENTS AND THE ACCOUNTING PRINCIPLES (POLICY)**

The mid-year summary financial statements for the two quarters ending on June 30, 2008 were drawn up in a summary format pursuant to IAS 34 *Interim Financial Reporting*.

The accounting principles (policy) applied to drawing up the Group's mid-year summary financial statements are consistent with those applied to drawing up the Group's annual consolidated financial statements for the previous year. Pursuant to the resolutions passed, as at January 1, 2008, the Group adopted International Accounting Standards for drawing up separate financial statements by the Issuer and Group members: KLK Sp. z o. o. and Sputnik Software Sp. z o. o.

### **3. SEASONALITY OF OPERATIONS**

In accordance with the forecasts of the Management Board, results for the second quarter were better than those of the preceding quarter. Companies within the ATM Group obtain a considerable part of their annual revenue and the majority of their annual profits in the fourth quarter of the year. This is a normal occurrence resulting from the nature of the activities of the parent undertaking and its subsidiaries.

### **4. ISSUE, REDEMPTION AND REPAYMENT OF DEBT SECURITIES AND EQUITIES**

During the quarter in question there was no issue, redemption or repayment of debt securities or equities within the Group.

### **5. DIVIDENDS PAID AND DECLARED**

On June 5, 2008, the General Meeting of Shareholders of ATM S.A. decided to pay out PLN 19,440,000.00 in dividend for 2007, i.e. PLN 0.54 per share. The entire 2007 net profit, i.e. PLN 18,230,867.42, and PLN 1,209,132.58 from the capital reserve were allocated for this purpose. The dividend record date set for September 5, 2008, and the dividend payment date was set for September 19, 2008.

By the resolution of April 24, 2008, the KLK sp. z o. o. Partners' Meeting distributed profit for 2007, distributing the amount of PLN 2,192,000.00 to the Company's shareholders. The dividend shall be paid out by December 31, 2008.

## 6. SEGMENTS OF OPERATIONS

All services provided by the Group are classified as ICT services. Despite the fact that it is possible to identify different product lines with regard to sales revenue, the types of production processes and the distribution and service provision methods are closely linked and exhibit similar risks and returns on investment. Moreover, no transactions between individual product lines are conducted. As a consequence, when assessing the possibility of dividing the Group's operations into segments in a reliable manner, the Management Board decided that the Group's entire operations fall into the ICT services segment and therefore no segments have been distinguished.

Revenue from the sales of major products is as follows:

|  | For period<br>from<br>January 1<br>to June 30,<br>2008 | For period<br>from April<br>1 to June<br>30, 2008 | For period<br>from<br>January 1<br>to June<br>30, 2007 | For<br>period<br>from April<br>1 to June<br>30, 2007 |
|--|--|---|--|--|
| Integrated ICT<br>infrastructure systems       | 45,727   | 23,411  | 51,583   | 29,564   |
| Business security solutions and services       | 9,195  | 7,004   | 3,970  | 1,508  |
| Application solutions                          | 4,454  | 2,151   | 2,490  | 2,069  |
| Telecommunications and value-added<br>services | 33,308   | 17,235  | 25,563   | 12,214   |
| Multimedia solutions and services              | 1,925  | 1,372   | 1,298  | 846  |
| Other services                                 | 367  | 163   | 32   | 3  |
| Total sales revenue                            | 94,975   | 51,335  | 84,936   | 46,203   |

Revenue from sales divided by territory is as follows:

|                     | For period<br>from<br>January 1<br>to June 30,<br>2008 | For<br>period<br>from April<br>1 to June<br>30, 2008 | For period<br>from<br>January 1<br>to June<br>30, 2007 | For period<br>from April<br>1 to June<br>30, 2007 |
|---------------------|--|--|--|---|
| Domestic            | 94,265   | 51,057   | 84,427   | 45,924  |
| Exports             | 710  | 278  | 509  | 279   |
| Total sales revenue | 94,975   | 51,335   | 84,936   | 46,203  |

## 7. SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

None.

## 8. CHANGES TO THE COMPANY'S STRUCTURE

On April 10, 2008, share capital increase was recorded at mPay International Sp. z o. o. The capital was increased pursuant to the resolution of the Extraordinary Partners' Meeting adopted on January 22, 2008. The capital was increased by PLN 2,000,000, i.e. from PLN 7,250,000 to PLN 9,250,000 by the establishment of 4,000 new shares at PLN 500 each. 2,400 shares were taken up by ATM S.A. and 1,600 by Henryk Kułakowski. Pursuant to the resolution of February 7, 2008, the newly established shares were paid up by March 31, 2008.

On May 14, 2008, capital increase was recorded at mPay S.A. The capital was increased pursuant to the resolution of the Extraordinary General Meeting of Shareholders adopted on March 6, 2008, by way of private placement. The share capital was increased to PLN 6,900,000 (by PLN 1,400,000) through the issue of 2,800,000 series B shares with a face value of PLN 0.50 each. All shares from the new issue were offered to the mPay International Sp. z o. o. company.

During the second quarter, capital increase was recorded at Impulsy Sp. z o. o. On March 8, 2008, the capital of the Impulsy Sp. z o. o. company was increased by PLN 30,000 pursuant to the resolution of the Extraordinary Partners' Meeting by the establishment of 15 new shares. All the new shares were taken up by ATM S.A. As a result, the Issuer's stake in the company increased from 72% to 78.47%.

In the second quarter of 2008, the Issuer purchased 4,612 shares from Linx Telecommunications B.V. employees under the option plan. Following the transaction, the number of shares held by ATM S.A. is 2,754,612, amounting to 21.67% of the Linx Telecommunications B.V share capital.

On June 23, 2008, the Partners' Meeting decided to increase the capital of the Cineman sp. z o. o. company by PLN 400,000, i.e. from PLN 600,000 to PLN 1,000,000 by the establishment of 800 shares at PLN 500 each. 408 shares were taken up by ATM S.A. and 392 by Monolith Films Sp. z o. o.

During the quarter in question there were no mergers, divestments or acquisitions of business units. There was no restructuring or discontinuity of operations.

## 9. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

| Off-balance sheet items               | As at June 30, 2008 | As at December 31, 2007 |
|---------------------------------------|---------------------|-------------------------|
| 1. Contingent receivables             | 291                 | 291                     |
| 1.1 from other undertakings           | 291                 | 291                     |
| 2. Contingent liabilities             | 26,129              | 29,793                  |
| 2.1 to other undertakings, including: | 26,129              | 29,793                  |
| - guarantees and endorsements granted | 5,738               | 10,580                  |
| - mortgage security                   | 18,060              | 18,060                  |
| - pledges                             | 2,331               | 1,153                   |

Since the end of the fiscal year 2007, the following changes have occurred with respect to contingent liabilities:

a) guarantees and endorsements granted decreased by PLN 4,842,000 as a result of:

- the expiration of bank and insurance guarantees (tender guarantees and performance bonds) amounting to PLN 5,991,000;

- the establishment of guarantees for tenders and contracts in the form of insurance guarantees amounting to PLN 1,149,000;

b) pledge security increased by PLN 1,178,000;

c) no changes occurred concerning mortgage security.



**OTHER INFORMATION**

**(AS REQUIRED PURSUANT TO THE REGULATION OF THE MINISTER OF FINANCE REGARDING CURRENT AND PERIODICAL INFORMATION SUBMITTED BY ISSUERS OF SECURITIES)**

**SELECTED FINANCIAL DATA**

|   | Jun 30,<br>2008 | Jun 30,<br>2007      | Jun 30,<br>2008 | Jun 30,<br>2007      |
|---|-----------------|----------------------|-----------------|----------------------|
|   | PLN'000         | PLN'000              | EUR '000        | EUR '000             |
| Total sales revenue                           | 94,975          | 84,936               | 27,952          | 22,069               |
| Operating profit (loss)                       | (2,510)         | (225)                | (739)           | (58)                 |
| Profit before tax                             | 1,444           | (25)                 | 425             | (6)                  |
| Net profit of parent undertaking shareholders | 2310            | (21)                 | 680             | (5)                  |
| Net cash from operating activities            | 2,767           | (9,054)              | 814             | (2,353)              |
| Net cash from financial activities            | 9,277           | 9,721                | 2,730           | 2,526                |
| Net cash from investment activities           | (46,068)        | (4,050)              | (13,558)        | (1,052)              |
| Increase (decrease) in cash                   | (34,024)        | (3,383)              | (10,014)        | (879)                |
|   |                 |                      |                 |                      |
|   | June<br>30,2008 | December<br>31, 2007 | June<br>30,2008 | December<br>31, 2007 |
| Fixed assets                                  | 245,376         | 205,390              | 73,155          | 57,339               |
| Current assets                                | 86,821          | 163,702              | 25,884          | 45,701               |
| Total assets                                  | 332,197         | 369,092              | 99,039          | 103,041              |
| Long-term liabilities                         | 22,423          | 20,522               | 6,685           | 5,729                |
| Short-term liabilities                        | 72,577          | 91,439               | 21,638          | 25,527               |
| Equity  | 237,197         | 257,131              | 70,716          | 71,784               |
| Share capital*                                | 34,397          | 34,397               | 10,255          | 9,603                |
| Parent undertaking shareholders' equity       | 231,075         | 251,469              | 68,891          | 70,203               |
| Number of shares                              | 36,000,000      | 4,500,000            | 36,000,000      | 4,500,000            |
| Book value per share (PLN/EUR)                | 6.42            | 55.88                | 1.91            | 15.60                |
| Diluted book value per share (PLN/EUR)        | 6.42            | 55.88                | 1.91            | 15.60                |

\* Share capital was restated in accordance with IAS 29.

The above financial data for two quarters of 2008 and 2007 have been converted to EUR according to the following procedure:

- Individual asset and liability items have been converted using the average exchange rate published by the National Bank of Poland on June 30, 2008 (PLN 3.3542 to

EUR 1), and on December 31, 2007 (PLN 3.5820 to EUR 1).

- Individual consolidated profit and loss account and consolidated cash flow statement items have been converted using the arithmetic mean of average exchange rates determined by the National Bank of Poland as at the last day of each month of the fiscal periods between January 1 and June 30, 2008 (PLN 3.3978 to EUR 1) and between January 1 and June 30, 2007 (PLN 3.8486 to EUR 1).

#### **DESCRIPTION OF THE ISSUER'S SIGNIFICANT ACHIEVEMENTS OR FAILURES DURING THE REPORTING PERIOD**

During the second quarter, the Group's revenue amounted to PLN 95 million, gross profit on sales to PLN 28.7 million and net profit to PLN 1.6 million. Compared to the corresponding period of the previous year, revenue was higher by 12% and gross profit on sales was higher by 55%. Net profit also increased by PLN 1.7 million.

During the period in question, the increase in revenue from telecommunications services offered by the Company under the ATMAN brand continued. The Company regularly adds new major financial institutions to its list of customers. The customer portfolio is rapidly growing and new contracts, with terms ranging from three to five years, strengthen the foundations for the further development of telecommunications services on offer. Among new Company customers, the global financial institution AIG Bank Polska, Inotel — a telecommunications operator which has been connected to the AC-X interconnect node, the Capgemini international consultancy and the Goldenline.pl community portal are particularly worth mentioning. It should be noted that the Company has developed its collaboration with the international telecommunications operator Interoute, which not only brings financial profits, but also confirms the high quality and competitiveness of telecommunications services offered by the Company.

As concerns integration, important events in the last months include the completion of the first stage of the contract concerning network infrastructure supply for a national telecommunications operator, amounting to ca. USD 2.7 million plus VAT. The contract is underway; the estimated value of the next stage is USD 1.5 million plus VAT. The contract mainly concerns Cisco Systems network solutions, which should both enhance the quality of the operator's Web services and improve its network management capabilities.

During the last quarter, the Company also upgraded the southern and northern rings of its national data communication network. It deployed the MPLS 10 Gbps technology based on Cisco solutions. Within the framework of carrier services provided under the ATMAN brand, the Company is steadily extending its metropolitan area networks. ATM S.A. invests in international links as well — among others, a link with Frankfurt was established.

Online broadcasting of the 2008 European Football Championships was an important marketing, technology and business event that took place during the last three months. ATM S.A. was among the three technology partners of the project launched by the Polsat television network, which was represented by the Redefine company. The results were very good. More than 80,000 users registered on the Company's Euro 2008 Web site in order to gain access to live broadcasts

and video-on-demand services. From the business viewpoint, the project made it possible to test the ATM InteractiveTV platform under realistic conditions and optimize its operation as well as to adjust the technical parameters of the telecommunications infrastructure accordingly. During the 2008 European Football Championships, around a dozen independent operators joined the ATMAN network, extending high-quality signal coverage which requires links with above average bandwidth.

Independently, the ATM InteractiveTV product was awarded the 2008 Golden Antenna in the “Fixed line business solutions” category in a competition held by the *Świat Telekomunikacji* industry periodical. Thus both experts and users — the direct beneficiaries of the solution who saw it in operation during Euro 2008 — received it favorably.

Among major events, the successful completion of talks with the company which manages the Łódź Special Economic Zone (Łódzka Specjalna Strefa Ekonomiczna S.A.) should be mentioned. At the conclusion of the negotiations, the ATM investment offer was assessed as the most advantageous in the history of the Łódź Special Economic Zone. As a result, on July 11, 2008 (i.e. after the end of the reporting period), the Minister of Economy issued a formal permission for ATM to start operations within the zone. Currently, talks are being held with select partners concerning the funding of the investment, its implementation and future utilization.

The performance of ATM S.A.’s subsidiaries has also been good. During the last quarter, the Sputnik Software company was particularly active. Among other things, it signed a contract for software supply and training courses for fourteen Płock region municipalities. The company also signed an agreement with the Polish State Forests IT Department for the supply of cryptographic cards and readers together with software and certificates for State Forests organizational units. Moreover, the Proton application won the “Application of the Year 2008” award in a prestigious contest held by Microsoft. Notably, user feedback as well as jury opinions were taken into account when awarding the title. Proton is an electronic document workflow system for institutions. The application has already been deployed at more than 200 government and local government administration institutions. Fully deployed, the system is accessible from every employee’s workplace.

mPay S.A., ATM S.A.'s subsidiary, also won the Golden Antenna as the "Most promising company of the year". In the "Service of the year" category, the jury granted the award to Polkomtel S.A. as the first operator in Poland to implement the mPay mobile payment system. Currently, the mPay network includes more than 1,500 outlets and several thousand online stores. It is also worth mentioning that the mPay system enables users to settle parking fees in Warsaw.

The Cineman company has initiated collaboration with Netia, providing video-on-demand services to customers who have selected Netia as their ISP. These services enable customers to purchase movies and view them on the PC screen without leaving home. The extensive movie selection offered to Netia subscribers can be accessed via the [www.netia.cineman.pl](http://www.netia.cineman.pl) Web site. Netia customers are able to view both the latest blockbusters as well as ambitious movies.

#### **DESCRIPTION OF FACTORS AND EXTRAORDINARY EVENTS WHICH HAVE SIGNIFICANT IMPACT ON NET PROFIT**

During the second quarter of 2008, no factors or extraordinary events occurred which had significant impact on net profit.

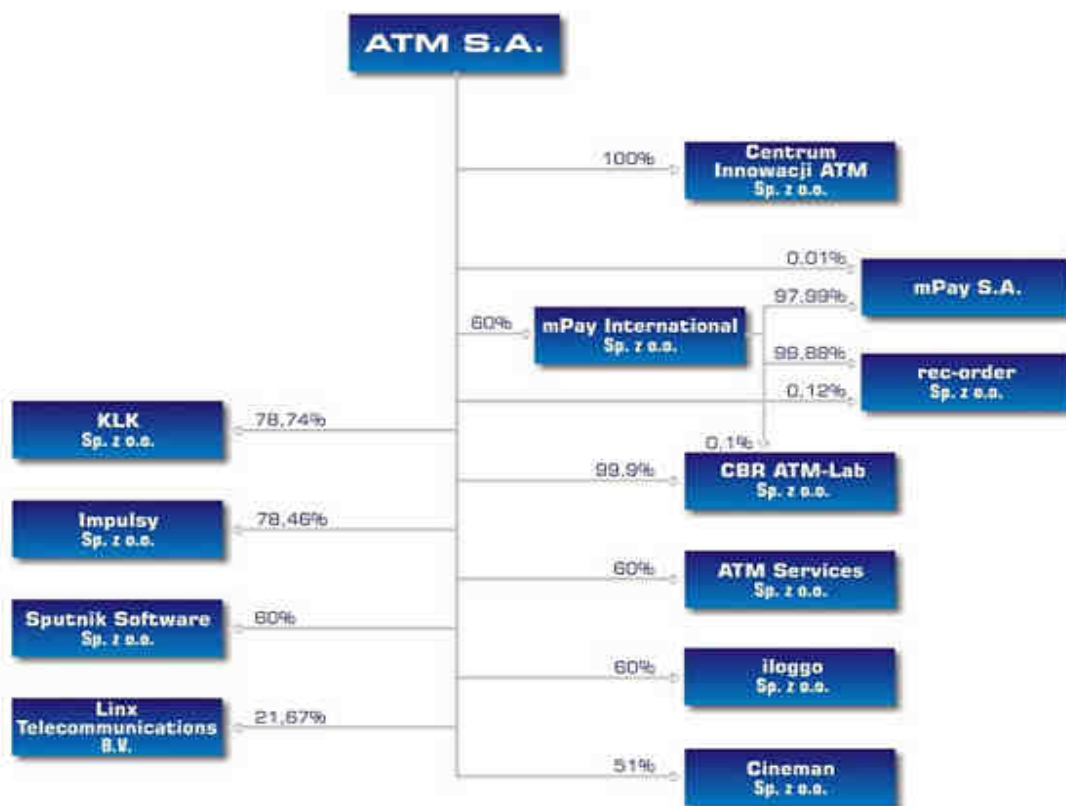
#### **ORGANIZATIONAL DESCRIPTION OF THE ISSUER'S GROUP OF COMPANIES WITH AN INDICATION OF UNDERTAKINGS SUBJECT TO CONSOLIDATION**

As at the preparation date of this report, ATM S.A. holds stakes in the following companies:

- m-Pay International Sp. z o. o.: 11,100 shares with a total value of PLN 5,550,000, i.e. 60% of the share capital and 60% of votes at the Company's Partners' Meeting;
- iloggo Sp. z o. o.: 300 shares with a total value of PLN 300,000, i.e. 60% of the share capital and 60% of votes at the Company's Partners' Meeting;
- mPay S.A.: 1,000 shares with a total value of PLN 500, i.e. 0.0001 % of share capital and 0.0001% of votes at the Company's General Meeting (the remaining shares were taken up by m-Pay International Sp. z o. o.);
- rec-order Sp. z o. o.: 1 share with a value of PLN 100, i.e. 0.125% of share capital and 0.125% of votes at the Company's Partners' Meeting (the remaining shares were taken up by m-Pay International sp. z o. o.);
- ATM Services Sp. z o. o.: 480 shares with a total value of PLN 300,000, i.e. 60% of share capital and 60% of votes at the Company's Partners' Meeting;
- Cineman sp. z o. o.: 1,020 shares with a total value of PLN 510,000, i.e. 51% of share capital and 51% of votes at the Company's Partners' Meeting;
- KKK Sp. z o. o.: 400 shares with a total face value of PLN 240,000, i.e. 78.74% of share capital and 78.74% of votes at the Company's Partners' Meeting;
- Sputnik Software sp. z o. o.: 600 shares with a total value of PLN 3,000,000, i.e. 60% of share capital and 60% of votes at the Company's Partners' Meeting;
- Linx Telecommunications B.V.: 2,754,612 shares with a total value of EUR 27,546.12, i.e. 21.67% of share capital and 21.67% of votes at the Company's Partners' Meeting;
- Centrum Badawczo Rozwojowe ATM-Lab Sp. z o. o.: 1,000 shares with a total value of PLN 50,000, i.e. 99.9% of share capital and 99.9% of votes at the Company's Partners' Meeting (the remaining shares were taken up by mPay International Sp. z o. o.);

- Impulsy Sp. z o. o.: 51 shares with a total value of PLN 102,000, i.e. 78.47% of share capital and 78.47% of votes at the Company's Partners' Meeting;
- Centrum Innowacji ATM Sp. z o. o.: 1,000 shares with a total value of PLN 50,000, i.e. 100% of share capital.

The diagram below shows the structure of the ATM S.A. Group of Companies.



As at June 30, 2008, all companies were subject to consolidation except Centrum Innowacji ATM Sp. z o. o., which was registered on March 26, 2008, and did not launch operating activities by the quarter end.

**THE MANAGEMENT BOARD'S POSITION ON THE POSSIBILITY OF OBTAINING THE PREVIOUSLY PUBLISHED FORECAST RESULTS FOR THE YEAR IN QUESTION, TAKING INTO ACCOUNT THE RESULTS SHOWN IN THE QUARTERLY REPORT AS COMPARED TO FORECAST RESULTS**

The Company did not publish its forecasts for 2008. However, the Management Board states that the Company is growing successfully, in line with 2008 budget as well as expectations and roadmaps for the coming years.

**SHAREHOLDERS WHO HOLD AT LEAST 5% OF THE OVERALL NUMBER OF VOTES AT THE ISSUER'S GENERAL MEETING (EITHER DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES) AS AT THE QUARTERLY REPORT SUBMISSION DATE; NUMBER OF SHARES HELD BY THESE PARTIES, THE PERCENTAGE STAKE IN SHARE CAPITAL, THE RESULTING NUMBER OF VOTES AND SHARE IN THE OVERALL NUMBER OF VOTES AT THE GENERAL MEETING; CHANGES CONCERNING THE OWNERSHIP OF SIGNIFICANT STAKES IN THE ISSUER'S COMPANY SINCE THE SUBMISSION OF THE PREVIOUS QUARTERLY REPORT**

According to Current Report No. 1/2008 of January 4, 2008, on January 10, 2008 a one-to-eight split of the Issuer's shares took place. This increased the number of shares from 4.5 million to 36 million. The face value per share amounted to PLN 0.95.

Summary information on shareholders holding at least 5% of the overall number of shares at the Issuer's General Meeting is provided in the table below.

| Name and surname or company name        | Shares held | Stake in share capital | Number of votes at the GMS | Share in the overall number of votes |
|---|-------------|------------------------|----------------------------|--------------------------------------|
| Tadeusz Czichon                         | 5,904,000   | 16.40%                 | 5,904,000                  | 16.40%                               |
| Roman Szwed                             | 3,635,984   | 10.10%                 | 3,635,984                  | 10.10%                               |
| POLSAT OFE *)                           | 3,580,920   | 8.89%                  | 3,580,920                  | 8.89%                                |
| ING Nationale-Nederlanden Polska OFE *) | 3,505,144   | 6.56%                  | 3,505,144                  | 6.56%                                |
| AIG TFI **)                             | 1,860,624   | 5.17%                  | 1,860,624                  | 5.17%                                |
| Millennium TFI ***)                     | 1,822,912   | 5.06%                  | 1,822,912                  | 5.06%                                |

The figures above concern shares held by individuals as at August 11, 2008. \*) The figures concerning POLSAT OFE (POLSAT Open-Ended Pension Fund) and ING Nationale-Nederlanden Polska OFE (ING Nationale-Nederlanden Poland Open-Ended Pension Fund) refer to the numbers of shares held by these shareholders as at December 31, 2007 (according to the *Annual Asset Structure*). \*\*) The figures concerning AIG TFI (AIG Fund Management Company) refer to the number of shares held by this shareholder as notified in the notice of July 13, 2007, and the number of series H shares allotted on August 9, 2007. \*\*\*) The figures concerning Millennium TFI (Millennium Fund Management Company) refer to the number of shares held by this shareholder as notified in the notice of April 29, 2008. The Company has no information concerning any changes in their share ownership after those dates.

Furthermore, the Company's Management Board has not received any other notifications concerning the crossing of the 5% threshold by shareholders who purchase shares on the stock market.

Since the submission of the previous quarterly report, the following changes concerning the ownership of major stakes have taken place:

| <b>Name and surname or company name</b> | <b>Number of shares according to the previous quarterly report</b> | <b>Number of shares according to the current quarterly report</b> | <b>Change in the number of shares and votes</b> |
|---|--|---|---|
| Tadeusz Czichon                         | 5,904,000  | 5,904,000   | 0   |
| Roman Szwed                             | 3,635,984  | 3,635,984   | 0   |
| POLSAT PTE                              | 3,580,920  | 3,580,920   | 0   |
| ING Nationale-Nederlanden Polska OFE    | 3,505,144  | 3,505,144   | 0   |
| AIG TFI                                 | 1,860,624  | 1,860,624   | 0   |
| PKO TFI                                 | 1,917,896  | 1,778,347   | -139,549  |
| Millennium TFI                          | 1,822,912  | 1,822,912   | 0   |



**SUMMARY OF CHANGES IN THE OWNERSHIP OF THE ISSUER'S SHARES OR STOCK OPTIONS BY THE ISSUER'S MANAGERS AND SUPERVISORS ACCORDING TO THE INFORMATION AVAILABLE TO THE ISSUER FOR THE PERIOD SINCE THE SUBMISSION OF THE PREVIOUS QUARTERLY REPORT**

A summary of changes in the ownership of the Issuer's shares by the Issuer's managers and supervisors since the submission of the previous quarterly report is provided in the table below.

| <b>Full name</b>   | <b>Number of shares according to the previous quarterly report</b> | <b>Number of shares according to the current quarterly report</b> | <b>Change in the number of shares and votes</b> |
|--------------------|--|---|---|
| Tadeusz Czichon    | 5,904,000  | 5,904,000   | 0   |
| Roman Szwed        | 3,635,984  | 3,635,984   | 0   |
| Dariusz Kiełkowski | 800,800  | 800,800   | 0   |
| Anna Bugajska      | 45,040   | 45,040  | 0   |
| Tomasz Tuchołka    | 9,925  | 9,925   | 0   |

**PURCHASE OF TREASURY SHARES**

Pursuant to the resolution of June 5, 2008, the Ordinary General Meeting of Shareholders expressed consent to the Issuer's purchase of treasury shares which will be offered to employees of companies included in the ATM S.A. Group of Companies according to Incentive Scheme Rules (according to Current Report No. 22/2008) of June 5, 2008.

According to the information included in current reports until the date of publication of the present report, the Issuer purchased 624,570 treasury shares, which amount to 1.73% of ATM S.A. share capital.

**PROCEEDINGS BEFORE COURTS, ARBITRATION PANELS OR PUBLIC AUTHORITIES**

No proceedings are pending before courts, arbitration panels or public authorities regarding the Issuer's liabilities or claims (or any liabilities or claims of the Issuer's subsidiaries) valued at 10% of the Issuer's shareholders' equity or more.

**INFORMATION REGARDING THE CONCLUSION OF ONE OR MORE TRANSACTIONS BY THE ISSUER OR ANY OF THE ISSUER'S SUBSIDIARIES WITH RELATED UNDERTAKINGS WHICH ARE NOT TYPICAL OR ROUTINE TRANSACTIONS**

During the reporting period, neither the Issuer nor any of the Issuer's subsidiaries concluded transactions with related undertakings which were not typical or routine transactions concluded in the course of daily operations.

**INFORMATION REGARDING LOAN ENDORSEMENTS OR GUARANTEES EXTENDED BY THE ISSUER OR ANY OF THE ISSUER'S SUBSIDIARIES**

During the reporting period, no loan endorsements or guarantees were extended by the Issuer or any of the Issuer's subsidiaries to any party that would in total exceed 10% of the Issuer's shareholders' equity.

**OTHER INFORMATION CONSIDERED BY THE ISSUER TO BE IMPORTANT FOR THE ASSESSMENT OF THE ISSUER'S STAFFING, ASSET OR FINANCIAL POSITION, PERFORMANCE, OR CHANGES TO THESE ITEMS; INFORMATION RELEVANT FOR THE ASSESSMENT OF THE ISSUER'S ABILITY TO MEET ITS OBLIGATIONS**

The Company has a stable staffing, asset and financial position. There are no known factors that could adversely affect the Issuer's ability to meet its obligations.

**FACTORS WHICH, IN THE ISSUER'S OPINION, WILL AFFECT ITS PERFORMANCE DURING AT LEAST THE FOLLOWING QUARTER**

During the next year, Poland's political and economic stability will be an important factor affecting the Company's performance.

A large number of tenders are pending for the construction of extensive information and communications technology systems and the provision of telecommunications services, and the Company may actively participate in these projects. The smooth resolution of such tenders and the commencement date for deliveries will affect the Issuer's revenue significantly.

Another factor relevant to the Issuer's performance will be the efficiency in the utilization of European Union funds for the financing of business activities in Poland. This will have significant impact on the ability of domestic companies, research facilities and central/local government agencies (for which the Issuer may develop attractive offerings) to complete large investment projects. These resources may also be used by the Company to fund its own investments in the construction and upgrade of telecommunications infrastructure, and to support research and development activities, which will translate into a reduction of the Issuer's own expenses for such purposes.

The Company's future performance will also be significantly affected by the decisions made with respect to the marketing of new solutions and products, many of which are innovative, or even revolutionary. Widespread adoption by the market and/or industry partners may result in an above-average growth in the Company's profit. A particularly important issue will be the development rate of the mobile payment and video-on-demand Web service markets, and the positioning of the solutions developed by the Issuer's Group of Companies in these markets.

**QUARTERLY ATM S.A. FINANCIAL INFORMATION**

(AS REQUIRED PURSUANT TO THE REGULATION OF THE MINISTER OF FINANCE REGARDING CURRENT AND PERIODICAL INFORMATION SUBMITTED BY ISSUERS OF SECURITIES)

**1. PROFIT AND LOSS ACCOUNT**

|   | For period from<br>January 1 to<br>June 30, 2008 | For period from<br>April 1 to June<br>30, 2008 | For period from<br>January 1 to<br>June 30, 2007 | For period<br>from April 1 to<br>June 30, 2007 |
|---|--|--|--|--|
| <b>Continued operations</b>   |  |  |  |  |
| Sales revenue   | 72,722   | 40,008   | 59,441   | 33,519   |
| Cost of goods sold<br>(variable)  | 44,524   | 25,077   | 37,022   | 20,715   |
| Cost of goods sold (fixed)  | 7,399  | 4,514  | 6,674  | 3,726  |
| <b>Gross profit (loss) on<br/>sales</b>                                     | <b>20,799</b>                                    | <b>10,417</b>                                  | <b>15,745</b>                                    | <b>9,078</b>                                   |
| Other operating revenue   | 240  | 147  | 140  | 79   |
| General and<br>administrative costs   | 21,788   | 9,846  | 16,308   | 7,277  |
| Other operating expenses  | 63   | 38   | 33   | 6  |
| Restructuring costs   | -  | -  | -  | -  |
| <b>Operating profit (loss)</b>  | <b>(812)</b>                                     | <b>680</b>                                     | <b>(456)</b>                                     | <b>1,874</b>                                   |
| Share in profit (loss) of<br>undertakings valued using<br>the equity method | -  | -  | -  | -  |
| Financial revenue   | 5,292  | 3,507  | 810  | 762  |
| Financial expenses  | 625  | 333  | 531  | 107  |
| <b>Profit (loss) before tax</b>   | <b>3,855</b>                                     | <b>3,854</b>                                   | <b>(177)</b>                                     | <b>2,529</b>                                   |
| Income tax  | 237  | 88   | 39   | 830  |
| <b>Net profit (loss) on<br/>continued operations</b>                        | <b>3,620</b>                                     | <b>3,766</b>                                   | <b>(216)</b>                                     | <b>1,699</b>                                   |
| <b>Discontinued operations</b>  |  |  |  |  |
| Net profit (loss) on<br>discontinued operations                             | -  | -  | -  | -  |
| <b>Net profit (loss)</b>  | <b>3,620</b>                                     | <b>3,766</b>                                   | <b>(216)</b>                                     | <b>1,699</b>                                   |
| <b>Profit (loss) per share *)</b>   |  |  |  |  |
| <b>From continued<br/>operations:</b>                                       |  |  |  |  |
| Ordinary  | 0.10   | 0.10   | (0.05)   | 0.38   |
| Diluted   | 0.10   | 0.10   | (0.05)   | 0.38   |
| <b>From continued and<br/>discontinued<br/>operations:</b>                  |  |  |  |  |

|          |      |      |        |      |
|----------|------|------|--------|------|
| Ordinary | 0.10 | 0.10 | (0.05) | 0.38 |
| Diluted  | 0.10 | 0.10 | (0.05) | 0.38 |

\*) In the first quarter of 2008, a one-to-eight split of the Issuer's shares occurred. The new number of shares is 36,000,000.

Data for the corresponding period were recalculated according to the number of shares before the split.

**2. BALANCE SHEET**

|  | End of period,<br>Jun 30, 2008 | End of period, December 31,<br>2007 |
|--|--------------------------------|-------------------------------------|
| <b>Fixed assets</b>  |                                |                                     |
| Goodwill   | -                              | -                                   |
| Intangible assets  | 17,950                         | 16,586                              |
| Property, plant and equipment  | 109,481                        | 77,734                              |
| Investment in associates<br>consolidated according to the<br>equity method | 63,487                         | 63,391                              |
| Other financial assets   | 29,754                         | 26,785                              |
| Deferred income tax assets   | 1,415                          | 339                                 |
| Other fixed assets   | 12,208                         | 13,685                              |
|  | <b>234,295</b>                 | <b>198,520</b>                      |
| <b>Current assets</b>  |                                |                                     |
| Inventories  | 6,503                          | 6,325                               |
| Financial assets held for trading  | 2,592                          | 2,033                               |
| Trade and other receivables  | 28,320                         | 63,567                              |
| Income tax receivables   | 31                             | 36                                  |
| Other current assets   | 916                            | 1,364                               |
| Cash and cash equivalents  | 34,689                         | 62,873                              |
|  | <b>73,051</b>                  | <b>136,198</b>                      |
| Fixed assets classified as held<br>for sale                                | -                              | -                                   |
| <b>Total assets</b>  | <b>307,346</b>                 | <b>334,718</b>                      |

|  | End of period, June 30, 2008 | End of period, December 31, 2007 |
|--|------------------------------|----------------------------------|
| <b>Equity</b>  |                              |                                  |
| Share capital  | 34,397                       | 34,397                           |
| Share premium reserve  | 157,252                      | 157,252                          |
| Revaluation reserve  | -                            | -                                |
| Treasury shares  | (1,682)                      | -                                |
| Capital reserves   | 23,398                       | 24,607                           |
| Hedge valuation reserve and FX gains/losses due to consolidation         | -                            | -                                |
| Retained earnings  | 16,869                       | 31,481                           |
|  | <b>230,234</b>               | <b>247,737</b>                   |
| <b>Long-term liabilities</b>   |                              |                                  |
| Long-term bank and other loans   | -                            | -                                |
| Provisions for deferred tax  | 1,315                        | -                                |
| Provisions for liabilities   | -                            | -                                |
| Long-term trade and other liabilities                                    | 4,123                        | 3,226                            |
| Other financial liabilities  | 13,816                       | 13,078                           |
|  | <b>19,254</b>                | <b>16,304</b>                    |
| <b>Short-term liabilities</b>  |                              |                                  |
| Bank and other loans   | 8,537                        | -                                |
| Provisions for liabilities   | -                            | -                                |
| Income tax liabilities   | -                            | 3,271                            |
| Trade and other liabilities  | 25,279                       | 62,495                           |
| Other financial liabilities  | 24,042                       | 4,911                            |
|  | <b>57,858</b>                | <b>70,677</b>                    |
| Liabilities related directly to fixed assets classified as held for sale | -                            | -                                |
|  |                              |                                  |
| <b>Total liabilities</b>   | <b>307,346</b>               | <b>334,718</b>                   |

### 3. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

|   | Share capital | Share premium  | Treasury shares | Capital reserve | Retained earnings | Equity         |
|---|---------------|----------------|-----------------|-----------------|-------------------|----------------|
| <b>As at January 1, 2007</b>                  | <b>24,572</b> | <b>4,558</b>   | -               | <b>23,362</b>   | <b>41,208</b>     | <b>93,700</b>  |
| Increases:                                    |               |                | -               |                 |                   |                |
| Issue of shares                               | 521           | 7,684          | -               | -               | -                 | 8,205          |
| Profit distribution                           | -             | -              | -               | 1,244           | -                 | 1,244          |
| Decreases:                                    |               |                |                 |                 |                   |                |
| Share issue costs                             | -             | 204            | -               | -               | -                 | 204            |
| Profit distribution to be allocated to equity | -             | -              | -               | -               | 1,244             | 1,244          |
| Dividends paid out                            | -             | -              | -               | -               | 25,047            | 25,047         |
| Current period results                        | -             | -              | -               | -               | 215               | 215            |
| <b>As at June 30, 2007</b>                    | <b>25,093</b> | <b>12,038</b>  | -               | <b>24,606</b>   | <b>12,775</b>     | <b>74,512</b>  |
| <b>As at January 1, 2008</b>                  | <b>34,397</b> | <b>157,252</b> | -               | <b>24,607</b>   | <b>31,481</b>     | <b>247,737</b> |
| Increases:                                    |               |                |                 |                 |                   |                |
| Current period results                        | -             | -              |                 | -               | 3,624             | 3,624          |
| Decreases:                                    |               |                |                 |                 |                   |                |
| Profit distribution to be allocated to equity | -             | -              |                 | -               | 18,232            | 18,232         |
| Dividend payout                               | -             | -              |                 | 1,208           | -                 | 1,208          |
| Purchase of treasury shares                   | -             | -              | 1,682           | -               | -                 | 1,682          |
| <b>As at June 30, 2008</b>                    | <b>34,397</b> | <b>157,252</b> | <b>(1,682)</b>  | <b>23,398</b>   | <b>16,873</b>     | <b>230,238</b> |



#### 4. CASH FLOW STATEMENT

|  | For period from January 1 to<br>June 30, 2008 | For period from January 1 to June<br>30, 2007 |
|--|---|---|
| <b>Operating activities</b>                            |   |   |
| Profit (loss) before tax                               | 3,856   | (1,400)                                       |
| Adjustment (items):                                    | 5,714   | (12,296)                                      |
| Amortization and depreciation                          | 6,304   | 3,713   |
| FX gains/losses  | (1,427)                                       | (174)   |
| Interest received                                      | (84)  | 446   |
| Interest paid  | 588   | -   |
| Dividends received                                     | (863)   | -   |
| Profit (loss) on investment<br>activities              | (51)  | (22)  |
| Movements in inventories                               | (178)   | (2,786)                                       |
| Movements in receivables                               | 34,123  | 9,776   |
| Movements in liabilities and<br>provisions             | (34,580)                                      | (13,914)                                      |
| Movements in other assets                              | 5,308   | (3,774)                                       |
| Income tax paid  | (3,266)                                       | (5,370)                                       |
| Other  | (158)   | (191)   |
|  | <b>9,570</b>                                  | <b>(13,697)</b>                               |
| <b>Investment activities</b>                           |   |   |
| Expenses on property, plant and<br>equipment purchases | (49,183)                                      | (15,185)                                      |
| Expenses on financial asset<br>purchases               | (3,464)                                       | (3,435)                                       |
| Loans granted  | (2,634)                                       | (600)   |
| Revenue from property, plant<br>and equipment sales    | 10,463  | 23,242  |
| Revenue from financial asset<br>sales                  | -   | 234   |
| Revenue from loan repayment                            | 2,475   | -   |
| Dividends received                                     | 863   | -   |
| FX gains/losses  | 153   | -   |
| Other  | -   | 113   |
|  | <b>(41,327)</b>                               | <b>4,369</b>                                  |
| <b>Financial activities</b>                            |   |   |
| Net proceeds from issue of<br>shares                   | -   | 8,094   |
| Subsidies received                                     | 242   | -   |
| Proceeds from loans                                    | 8,840   | -   |
| Repayment of loans                                     | (303)   | -   |
| Purchase of treasury shares                            | (1,682)                                       | -   |
| Payment of liabilities arising from<br>finance leases  | (3,035)                                       | (1,687)                                       |
| Interest received                                      | 84  | -   |
| Interest paid  | (588)   | (470)   |
| FX gains/losses  | 14  | -   |
| Other  | -   | 739   |
|  | <b>3,572</b>                                  | <b>6,675</b>                                  |

|                                |                 |                |
|--------------------------------|-----------------|----------------|
| <b>Movements in cash</b>       | <b>(28,584)</b> | <b>(2,653)</b> |
| Opening balance of cash        | 62,873          | 4,310          |
| <b>Closing balance of cash</b> | <b>34,689</b>   | <b>1,657</b>   |

**NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER OF 2008****1. SEGMENTS OF OPERATIONS**

Revenue from the sales of major products is as follows:

|   | For period from January 1 to June 30, 2008 | For period from April 1 to June 30, 2008 | For period from January 1 to June 30, 2007 | For period from April 1 to June 30, 2007 |
|---|--|--|--|--|
| Telecommunications and value-added services | 26,522                                     | 13,346                                   | 51,583                                     | 17,933                                   |
| Integrated ICT infrastructure systems       | 9,395                                      | 7,563                                    | 3,970                                      | 1,508                                    |
| Business security solutions and services    | 2,243                                      | 1,153                                    | 2,490                                      | 1,048                                    |
| Application solutions                       | 33,308                                     | 17,235                                   | 25,563                                     | 12,214                                   |
| Multimedia solutions and services           | 1,253                                      | 711                                      | 1,298                                      | 813                                      |
| Other services                              | 1  | 0  | 32   | 3  |
| <b>Total sales revenue</b>                  | <b>72,722</b>                              | <b>40,008</b>                            | <b>59,441</b>                              | <b>33,519</b>                            |

Revenue from sales divided by territory is as follows:

|                            | For period from January 1 to June 30, 2008 | For period from April 1 to June 30, 2008 | For period from January 1 to June 30, 2007 | For period from April 1 to June 30, 2007 |
|----------------------------|--|--|--|--|
| Domestic                   | 72,012                                     | 39,730                                   | 84,427                                     | 45,924                                   |
| Exports                    | 710  | 278                                      | 509  | 279                                      |
| <b>Total sales revenue</b> | <b>72,722</b>                              | <b>40,008</b>                            | <b>59,441</b>                              | <b>33,519</b>                            |

**2. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

| Off-balance sheet items               | As at Jun 30, 2008 | As at December 31, 2007 |
|---------------------------------------|--------------------|-------------------------|
| 1. Contingent receivables             | 291                | 291                     |
| 1.1 from other undertakings           | 291                | 291                     |
| 2. Contingent liabilities             | 5,327              | 9,804                   |
| 2.1 to other undertakings, including: | 5,327              | 9,804                   |
| - guarantees and endorsements granted | 5,327              | 9,804                   |

Since the end of the fiscal year 2007, the following changes have occurred with respect to contingent liabilities:

a) guarantees and endorsements granted decreased by PLN 4,477,000 as a result of:

- the expiration of bank and insurance guarantees (tender guarantees and performance bonds) amounting to PLN 5,247,000;

- the establishment of guarantees for tenders and contracts in the form of insurance guarantees amounting to PLN 770,000;

b) mortgages and pledges have not changed.

**OTHER INFORMATION****(AS REQUIRED PURSUANT TO THE REGULATION OF THE MINISTER OF FINANCE REGARDING CURRENT AND PERIODICAL INFORMATION SUBMITTED BY ISSUERS OF SECURITIES)****SELECTED FINANCIAL DATA**

|  | Jun 30, 2008 | Jun 30, 2007                     | Jun 30, 2008 | Jun 30, 2007                     |
|--|--------------|----------------------------------|--------------|----------------------------------|
|  | PLN'000      |                                  | EUR '000     |                                  |
| Total sales revenue                    | 72,722       | 59,441                           | 21,403       | 15,445                           |
| Operating profit                       | (812)        | (456)                            | (239)        | (118)                            |
| Profit before tax                      | 3,856        | (176)                            | 1,135        | (46)                             |
| Net profit                             | 3,620        | 3,766                            | 1,065        | 978                              |
| Net cash from operating activities     | 9,570        | (13,697)                         | 2,817        | (3,559)                          |
| Net cash from financial activities     | (41,327)     | 4,369                            | (12,163)     | 1,135                            |
| Net cash from investment activities    | 3,572        | 6,675                            | 1,051        | 1,734                            |
| Increase (decrease) in cash            | (28,584)     | (2,653)                          | (8,413)      | (689)                            |
|  | Jun 30, 2008 | End of period, December 31, 2007 | Jun 30, 2008 | End of period, December 31, 2007 |
|  | PLN'000      |                                  | EUR '000     |                                  |
| Fixed assets                           | 234,295      | 198,520                          | 69,851       | 55,422                           |
| Current assets                         | 73,051       | 136,198                          | 21,779       | 38,023                           |
| Total assets                           | 307,346      | 334,718                          | 91,630       | 93,444                           |
| Long-term liabilities                  | 19,254       | 16,304                           | 5,740        | 4,552                            |
| Short-term liabilities                 | 57,858       | 70,677                           | 17,249       | 19,731                           |
| Equity                                 | 230,234      | 247,737                          | 68,641       | 69,162                           |
| Share capital*                         | 34,397       | 34,397                           | 10,255       | 9,603                            |
| Number of shares                       | 36,000,000   | 4,500,000                        | 36,000,000   | 4,500,000                        |
| Book value per share (PLN/EUR)         | 6.40         | 55.05                            | 1.91         | 15.37                            |
| Diluted book value per share (PLN/EUR) | 6.40         | 55.05                            | 1.91         | 15.37                            |

\* Share capital was restated in accordance with IAS 29.

The above financial data for two quarters of 2008 and 2007 have been converted to EUR according to the following procedure:

- Individual asset and liability items have been converted using the average exchange rate published by the National Bank of Poland on June 30, 2008 (PLN 3.3542 to EUR 1), and on December 31, 2007 (PLN 3.5820 to EUR 1).
- Individual consolidated profit and loss account and consolidated cash flow statement items have been converted using the arithmetic mean of average exchange rates determined by the National Bank of Poland as at the last day of each month of the fiscal periods between January 1 and June 30, 2008 (PLN 3.3978 to EUR 1) and between January 1 and June 30, 2007 (PLN 3.8486 to EUR 1).